

## CW COMPANY ACCOUNTS RECEIVABLE MANAGEMENT STATUS QUO AND OPTIMIZATION RESEARCH

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With the changing development of China's economy, the home appliance industry is becoming more and more mature, especially after the home appliances and the end of the era of energy-saving subsidies, the competition between Chinese home appliance enterprises is becoming more and more fierce. In order to quickly occupy the home appliance market, more and more home appliance enterprises choose to adopt the "first market, then profit" credit strategy, the enterprises formed a business reputation-based trading model. Credit sales have gradually become a means for home appliance enterprises to seize market share, improve product sales and increase their operating income profit, and the resulting management of accounts receivable has become increasingly prominent.

Founded in 1988, CW is a established listed company engaged in home appliances, multimedia, smart home appliances and information technology. Starting from the analysis of the growth rate of CW's accounts receivable and the growth rate of operating income during the same period, the analysis of the ratio of net cash flows arising from accounts receivable and operating activities, the survey collected detailed data, the analysis conclusions are more accurate and more targeted, the analysis conclusions and optimization scheme can effectively bring practical help to CW Company Co., Ltd. in the management of accounts receivable, and make suggestions for enterprises to strengthen accounts receivable management and enhance the overall competitiveness of the company.

On the management of accounts receivable of enterprises, scholars at home and abroad have carried out a lot of research, which provides a certain theoretical basis for the practical work of accounts receivable management. Larino and Jennifer (2012) believe that strengthening the collection system for corporate accounts receivable will lead to more loan opportunities for the company [1]. Villanustre and Flavio, Hickling, Belenda (2013) In-depth study of the accounts receivable management of many companies, summarize the five key steps: collect accounts receivable data, familiar with accounts receivable related laws and regulations, review business process security, formulate accounts receivable management strategy, strengthen inter-organizational communication and communication [2]. Williams Bob (2013) think loose credit policy will lead to the decline in the quality of accounts receivable [3]. Alfredo Serpell, Ximena Ferrada (2017) the account receivable risk management system for this service is developed to assist and improve the company account receivable risk management capability [4]. Edmonds M., Miller T., Savage A. (2019) through the use of information into the system to confirm the amount of accounts receivable is correct or not related information [5]. Edmonds M. Miller T., Savage A. (2019) by importing information into the system to verify the accuracy of accounts receivable amounts and other relevant information, the system collected thousands of user information in a relatively short period of time and implemented a large number of audit procedures to reduce the time it took to check the information [6].

CW's accounts receivable balance at the end of 2019 was ¥459,449,8900, accounting for 51.27 % of CW's annual current assets and 43.59 % of CW's total corporate assets in 2019. In mid-2019, the company achieved sales revenue of ¥8895624062.35, an increase of 9.17 % over the same period in 2018. The balance of accounts receivable increased year by year and increased significantly. The quality of CW's accounts receivable is poor, based on the key financial indicators of CW's accounts receivable for 2015-2019. Between 2010 and 2019, the size of accounts receivable increased nearly 100-fold from ¥45769,900 to ¥4594498,900, and CW's capital turnover slowed and its liquidity weakened, giving the company significant operational risks.

As can be seen from Tables 1 and 2, CW's accounts receivable as a percentage of current assets are increasing year by year, with CW's accounts receivable accounting for more than 40 % of current assets from 2013 to 2019, with a maximum of 58.50 % in 2018, CW's accounts receivable as a percentage of operating income increased year by year at the end of 2010-2019, especially since fiscal 2013, CW's accounts receivable as a percentage of operating income were more than 40 %; CW's accounts receivable growth rate was higher than operating income growth for most of the 10 years, and CW's accounts receivable turnover for 2010-2019 decreased year by year, from 24.30/year in 2010 to 1.94 in 2019/year. Accounts receivable turnover days increased year by year, from 16.27 days in 2010 to 177.05 days in 2019. Accounts receivable turnover has been below 2.5 times/year since the beginning of 2013, while accounts receivable turnover days have been above 110 days since fiscal/2014. This shows that CW's accounts receivable management in these years is a serious problem. There is a very large possibility of bad debts, the enterprise's ability to resist risks is weak, the enterprise's income scale, operating scale is limited.

Table 1. – Analysis of financial indicators related to Accounts Receivable of Skye Electric appliances for 2010-2014

Subjects.	Financial indicators related to Accounts Receivable for Skye Electric for 2010-2014				
	2010	2011	2012	2013	2014
Amount of accounts receivable (¥100 million)	0.46	0.82	0.69	18.54	20.62
Total current assets (¥100 million)	5.09	5.93	4.26	32.08	37.14
Operating income (¥100 million)	11.12	12.44	11.31	36.02	35.51
Year-on-year growth rate of accounts receivable	-16.40%	78.76%	-15.76%	2589.57%	11.23%
Year-on-year growth rate of operating income	21.41%	11.86%	-9.08%	-0.82%	-2.79%
Accounts receivable as a percentage of current assets	8.99%	13.80%	16.20%	57.79%	55.52%
Accounts receivable as a percentage of operating income	4.12%	6.58%	6.09%	51.46%	58.07%
Days of accounts receivable turnover (days)	16.27	18.46	23.99	24.71	110.18
Accounts receivable turnover (sub-year/year)	24.30	15.20	16.41	1.94	1.72

Source: Same-Flower Industry Financial Statements.

Table 2. – Analysis of financial indicators related to accounts receivable for Skye electric appliances for 2015-2019

Subjects.	Financial indicators related to Accounts Receivable for Skye Electric for 2015-2019				
	2015	2016	2017	2018	2019
Amount of accounts receivable (¥ 100 million)	24.61	24.13	33.53	42.26	45.94
Total current assets (¥ 100 million)	51.86	55.20	63.65	72.24	89.61
Operating income (¥ 100 million)	54.78	59.27	72.53	81.48	88.96
Year-on-year growth rate of accounts receivable	19.34%	-1.94%	38.97%	26.04%	8.71%
Year-on-year growth rate of operating income	15.69%	8.19%	22.40%	7.02%	9.17%
Accounts receivable as a percentage of current assets	47.45%	43.71%	52.68%	58.50%	51.27%
Accounts receivable as a percentage of operating income	44.92%	40.71%	46.23%	51.87%	51.65%
Days of accounts receivable turnover (days)	194.15	145.33	143.07	174.11	177.05
Accounts receivable turnover (sub-year/year).	2.23	2.46	2.16	1.93	1.94

Source: Same-Flower Industry Financial Statements.

It is understood that CW company did not set up a special credit management department for credit management, credit management lack of internal control, there is a huge risk; Only stay in the first survey collection, did not do timely update and add supplements, customer credit risk rating assessment is unreasonable, the company's existing credit risk rating methods rely on non-financial data for rating, lack of objectivity, the company's management lack of operational risk awareness, the corresponding account management attention is not enough, the leadership only pay attention to the enterprise's sales and profits.

In view of the problems in the management of accounts receivable of CW company, the optimization plan is proposed, according to the principles of prevention, in-process management and after-the-fact supervision, the specific optimization plan is as follows:

*Solution. 1. Prevent optimization programs in the first place:*

a) to improve market competitiveness, the establishment of CW company's own home appliance shopping online platform and APP, can not rely entirely on Taobao, JD.com and other platforms for sales;

b) taking into account the actual situation of CW companies, the formation of an independent credit management department, by an independent credit management department to manage;

c) strengthen professional knowledge training, through targeted training, improve the staff's sense of credit management, objectively understand the credit management mechanism in the enterprise credit business, while improving the professional quality of the entire enterprise;

d) risk assessment, the establishment of an early warning mechanism, early warning system is in the production and operation of enterprises in the hidden risks of continuous dynamic supervision and prevention, combined with business and financial data related to the enterprise, focusing on monitoring accounts receivable risk situation, when abnormal risks occur, timely risk early warning management system.

*2. Management optimization scheme in the event:*

a) to optimize the customer credit rating method, CW company can establish a credit analysis model for the customer to carry out standardized, scientific and effective classification;

b) strengthen the dynamic monitoring of customers, enterprises strengthen the dynamic monitoring of accounts receivable, through understanding the real-time situation of customer enterprises to promote cooperative relations, reduce the occurrence of arrears of loans to recover accounts in a timely manner, from the overall control of the scale of accounts receivable;

c) standardize the management of credit sales contracts, establish a system of credit sales contract management and audit and approval, and use evaluation methods to evaluate customers' credit.

*3. After-the-fact supervision and optimization program:*

a) standardize the collection process, strengthen responsibility and performance appraisal, for customers with high credit ratings, good past transactions and not long overdue days, they should politely negotiate repayment by phone or; for customers with poor creditworthiness or weak liquidity, a strategy of prepayment of part of the contract should be adopted. CW company should take the operating performance of its corresponding department employees as an important index of its income performance, according to the management effect of different to develop the corresponding performance policy;

b) improve the collection reward and punishment mechanism for accounts receivable, formulate an advance accounts policy to attract customers, attract customers to actively make advance payments, reduce the risk of CW's own receivables, and enhance the enthusiasm of customers to make advance payments in advance;

c) enterprise internal audit system, with 22 branches in China, can set up an audit team in Shenzhen head office, from time to time to audit 22 branches, and form an audit report, on the one hand, the Shenzhen head office to report to facilitate the control of the head office.

In this paper, CW company accounts receivable management cases and practical operation of the existing problems, corresponding to accounts receivable management to put forward optimization proposals, hoping that through the actual case study of the better combination of theory and practice, can really help enterprises to develop better from the practical aspects.

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Рассмотрены демографические и миграционные процессы в контексте устойчивого развития экономики; обозначены теоретические основы, практические аспекты управления человеческими ресурсами; выявлены и систематизированы драйверы инклюзивного экономического роста в Беларуси и за рубежом; раскрыты актуальные финансовые и экономические аспекты развития отраслей; приведены актуальные проблемы и тенденции развития логистики на современном этапе; отражены современные тенденции совершенствования финансово-кредитного механизма; освещены актуальные проблемы учета, анализа, аудита в контексте устойчивого развития национальных и зарубежных экономических систем; представлены новейшие научные исследования различных аспектов функционирования современных коммуникативных технологий.

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